

NATIONAL CREDIT UNION ADMINISTRATION

Office of Small Credit Union Initiatives
Community Development Revolving Loan Fund

General Guidelines for Technical Assistance for Credit Unions

Volunteer Income Tax Assistance Initiative -2011
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Closes: December 31, 2011 or when funds are exhausted.

Eligible credit unions may apply for up to \$6,500.

*National Credit Union Administration
Office of Small Credit Union Initiatives
Community Development Revolving Loan Fund
1775 Duke Street
Alexandria, Virginia 22314*

Guidelines

1. What is the Purpose of the Community Development Revolving Loan Fund?

The National Credit Union Administration's (NCUA's) Community Development Revolving Loan Fund (CDRLF) was established by Congress to support credit unions that serve low-income communities by making loans and TAGs available to qualifying institutions. Low-interest loans/deposits are made available to low-income designated credit unions to enhance their financial capacity to, in turn, extend financial services to their members.

Congress appropriates funds to the CDRLF for loans and/or grants. The interest earned on loans is also available as a source of additional funds retained by the program for grant purposes.

2. What is the objective of Technical Assistance Grants?

The objective, or desired outcome, of technical assistance grants is to help low-income credit unions provide financial services to their members and to make the operations of those credit unions more efficient.

3. Which credit unions are eligible to apply?

To participate in the Program, a federally chartered credit union must be currently designated as a "low-income" credit union as set forth in NCUA's Rules and Regulations, Section 701.34. A state chartered credit union must have the equivalent low-income designation from its respective state supervisory authority (SSA) and concurrence from NCUA.

In addition, based on an Office of Management and Budget (OMB) policy directive effective October 31, 2003, credit unions must have a Dun and Bradstreet Universal Numbering System (DUNS) number in order to be eligible to receive funding from the CDRLF. As of this printing, a DUNS number may be obtained by calling Dun and Bradstreet, toll-free, at 1-866-705-5711. Credit unions may also visit the Dun and Bradstreet website, <http://fedgov.dnb.com/webform>.

4. What is the Volunteer Income Tax Assistance (VITA) Initiative?

The VITA initiative is to provide financial assistance to credit unions wishing to help existing and potential members prepare their tax returns, especially those eligible for the Earned Income Tax Credit (EITC). Technical assistance funds enable the credit union to offset administrative and operational costs associated with providing free income tax preparation services.

You must provide the credit union's IRS Electronic Filer Identification Number (E-FIN). If your credit union partnered with an organization that operated a VITA site, you must provide that organization's E-FIN. You must also provide a letter signed by representatives of the credit union and of the partner organization stating that the two organizations agreed upon a partnership. Failure to provide the IRS certification documents will result in non payment of claims.

For further information about participating in the VITA initiative, please contact the IRS via e-mail, at partner@irs.gov. Please indicate that you are interested in hosting a VITA site.

Inquiries can be directed to:

Debra Chandler, Internal Revenue Service
Email: Debra.Chandler@irs.gov
Phone: (404) 338 - 8306

Please include primary and alternate contact names and telephone numbers with inquiries.

5. How much money is available?

The amount allocated to the initiative is \$200,000. The maximum grant amount is \$6,500.

6. What are allowable uses of grant funds?

Grant funds may be used to cover the administrative and operational costs of establishing and operating a VITA site. The following is a list of reimbursable costs. The list is not exhaustive, but is intended to be representative of costs which may be approved.

- Consultant or contractor costs.
Salaries to employees are not reimbursable under any CDRLF grant initiative. An individual is considered an employee if the credit union withholds income taxes, withholds and pays Social Security and Medicare taxes, and pays unemployment tax on wages paid. In general, the credit union would not withhold or pay any taxes on payments to independent contractors.
- Custodial services
- Equipment purchase and installation, up to \$750 for equipment purchases directly related to operating or supporting the VITA site.
- Equipment rental
- Insurance (special bond considerations)
- Marketing and advertising (directly related to VITA site and services)
- Mileage (not to exceed the IRS standard mileage rate for 2011), for travel directly related to operating the VITA site)
- Parking
- Postage
- Printing, reproduction, and copying
- Public transportation and related taxi fares
- Supplies
- Training (related to VITA site and services)
- FAST Program – Free Assisted Self-Service Tax Preparation

7. How does the grant payment process work?

- First, credit unions must apply for a grant before making any expenditure.

- After receiving a grant approval letter, the credit union may purchase the goods or spend the funds, up to the amount approved.
- After making the expenditure, the credit union must then submit copies of receipts and proof of payment to NCUA for reimbursement. OSCUI encourages credit unions to submit all receipts at one time.
- N NCUA will review the receipts and process electronic reimbursement for approved expenditures.
- All requests for reimbursement must be received before the end of the commitment period listed in the grant award letter.
- OSCUI will not process incomplete applications. Credit unions may resubmit a grant application, provided the submission deadline has not passed and grant monies have not expired.
- Credit unions must also send a summary of the grant outcome to OSCUI. Credit unions failing to submit the summary may be ineligible for future grants.

8. How are grant applications evaluated?

Subject to funds availability, grants are awarded after careful consideration of the merits of an application. Grant applications will be considered based on the financial and non-financial factors listed below.

Financial factors include, but are not necessarily limited to, the following:

NCUA CAMEL* Rating
Net Worth Ratio
Delinquency Ratio
Return on Assets Ratio.

Financial factors are used to determine the overall financial condition of the credit union and its ability to carry out the project as described in the grant application.

Non-Financial factors include the following:

Assessment of Management is a determination of whether credit union management has been responsive in addressing concerns cited in examination reports and whether management has the ability to carry out the project described in the grant application.

Purpose is a determination of whether the outcome of the project, as described in the grant application, is consistent with the purpose of the CDRLF as described in Section 705.10 of the NCUA's Rules and Regulations. The purpose would be: (1) providing basic

* CAMEL ratings are explained in NCUA Letter to Credit Unions No. 07-CU-12. Financial ratios are explained in the Users' Guide for NCUA's Financial Performance Report. Both documents are available on the NCUA website at <http://www.ncua.gov>.

financial and related services to residents in their communities; and (2) improving the operations of the credit union. OSCUI will deny grant applications in which the purpose of the grant is inconsistent with the purpose of the CDRLF.

Assessment of Impact is a determination of the scope and reach of the proposed use of the grant funds. Grant applications with projects having an impact on the community as whole will receive more favorable consideration.

Previous Funding is a determination of whether the credit union has received previous CDRLF grant funding. Section 705.2(b) of NCUA's Rules and Regulations states that the purpose of the CDRLF is to gain maximum economic impact on as many participating credit unions as possible. Therefore, credit unions which have NOT received funding in the past will receive priority consideration.

Ability to Self-Fund is an assessment of the credit union's net worth, cash, and liquidity to determine whether the credit union has the ability to fund the project on its own. More favorable consideration is given to those credit unions which cannot completely fund the project as described in the grant application.

Partnerships is a determination of whether the credit union has developed other partner relationships and has considered other sources of grant funds. Under this grant initiative, a credit union with a viable partner relationship will receive more favorable consideration.

Leverage is a determination of the degree to which the credit union has acquired resources other than NCUA grants. Leverage measures the total cost of the project compared with the total grant dollars requested from NCUA. If, for example, a project costs \$5,000 and the credit union requests \$5,000 from NCUA, that project's leverage ratio is 1-to-1. If, for example, a project costs \$20,000 and the credit union requests a \$5,000 grant from NCUA, that project has a 4-to-1 leverage ratio. Projects with a higher leverage ratio will receive more favorable consideration.

9. Is there anything that would cause an application to be immediately denied?

Yes.

(a) Grants from the CDRLF are reimbursable grants. Credit unions applying for TAGs must obtain approval of the proposed expenditures before making those expenditures. Therefore, the OSCUI will not fund any grant where the credit union has committed to, procured, or purchased the good or service in advance of grant approval.

(b) TAG funds are not provided for recurring operational expenses such as salaries, rent, maintenance agreements, annual audits, funding for the allowance for loan losses, or office supplies.

Salaries to employees are not reimbursable under any CDRLF grant initiative. An individual is considered an employee if the credit union withholds income taxes, withholds and pays Social Security and Medicare taxes, and pays unemployment tax on wages paid.

Expenses for contractors invoiced to and paid by the credit unions may be reimbursable under certain grant initiatives. In general, the credit union would not withhold or pay any taxes on payments to independent contractors.

(c) Credit unions may not use TAG funds to provide funds to members, such as funding the matching portion of an IDA program or providing gift cards to members.

(d) Credit unions failing to submit summaries for grants previously awarded may be ineligible to receive additional grant funds.

(e) TAG funds may not be used to reimburse NCUA, or any government agency, for any activity.

10. Are there restrictions or limits on which items will be reimbursed?

Yes.

The following restrictions apply to reimbursements under CDRLF grant initiatives. The list highlights the more common restrictions.

Equipment Purchase and Installation:

Annual maintenance fees and insurance costs are not reimbursable.

Marketing:

Marketing and advertising for the general promotion of the credit union will not be reimbursed.

Mileage:

Reimbursement requests for mileage must include receipts and the starting point, the destination, and the number of trips. Mileage is reimbursable at a rate not to exceed the current IRS standard mileage rate per mile.

Postage:

To be reimbursed, the credit union must supply receipts and supporting documentation, such as the number of mailings.

Printing/Copying:

To be reimbursed, the credit union must supply receipts and supporting documentation, such as the number of copies made.

Promotional Items:

Promotional items such as gifts, giveaways, souvenirs, or gift cards are not reimbursable.

Regular Expenses/Pro-Rated Expenses:

Regular expenses of the credit union, such as rent, utilities, and depreciation are not reimbursable under this grant initiative. "Pro-rated" expenses of the credit union, such as a portion of telephone or utility costs, are not reimbursable. These expenses are considered regular operating expenses.

Salaries/Contractors:

Salaries to employees are not reimbursable under any CDRLF grant initiative. An individual is considered an employee if the credit union withholds income taxes, withholds and pays Social Security and Medicare taxes, and pays unemployment tax on wages paid. In general, the credit union would not withhold or pay any taxes on payments to independent contractors.

Travel/Lodging/Meals

Travel expenses, such as airfare for an on-site trainer, will be reimbursed at the lesser of actual costs or the US government General Services Administration (GSA) current year per diem rate. Travel expenses, such as hotel, food, and transportation (i.e. rental car or taxi) are typically non reimbursable expenses.

Undocumented Expenses:

To be reimbursed, credit unions must submit invoices with proof of payments that correspond to the items listed in the grant award letter. Examples of acceptable proof of payments include, but not limited to: copy of cancelled checks, credit card statements, or receipts. Requests for reimbursement that do not contain adequate documentation will not be reimbursed.

Partnership/Third Party/Vendor Relationship and Expenses:

Credit unions are required to follow the due diligence over Third party Service Providers as directed by NCUA Letter to Credit Unions 01-CU-20 and must submit a written agreement detailing the services/products with cost involved. Contractor fees that are not substantiated in writing in a partnership/contractor's agreement will not be reimbursed.

*Invoices from outside parties must be billed to and paid by the credit union.
Reimbursements will be made to credit unions only.*

11. What are the application deadlines?

Application Close Date: December 31, 2011 or when funds are exhausted.

12. What information needs to be submitted with the grant application?

Credit unions must submit a completed Technical Assistance Grant Application either online or by paper. The application must include the signed application form, answers to all questions in

the application, and copies of bids, estimates, prices, and other supporting information. The application or project questionnaire (online version) contains several questions regarding the proposed use of the technical assistance funds, which the credit union should answer in detail.

Incomplete grant applications will not be considered. Credit unions may resubmit a completed application provided the application acceptance period is still open, and funds are not exhausted.

13. How to submit an application?

To expedite the process and help NCUA's initiative to stay green, credit unions should apply through the NCUA's website online application at:

<http://www.ncua.gov/Resources/CreditUnionDevelopment/Finance.aspx>

All copies of bids, estimates, prices, and other supporting information along with your signed application need to be:

Emailed to: oscuiapps@ncua.gov or

Faxed to: (703) 519-4088.

Credit unions that are unable to fax or email applications should telephone the Office at (703) 518-6610.

14. When will credit unions know about grant awards?

Applications under this initiative are evaluated in the order they are received. Typically, OSCUI will notify credit union applicants of the grant awards within 15 business days of receiving their application.

15. What is the reporting requirement after receiving an award?

Credit unions receiving awards must provide a summary of the impact of the technical assistance funding to OSCUI as stated in the technical assistance application form. The time frame for submitting the summary will be stated in the award letter. The submission deadline allows reasonable time for the credit union to ascertain the benefits of the technical assistance.

The summary should discuss the overall project and how the funding enabled the credit union to accomplish its objective. Credit unions' success stories provide invaluable supporting information when OSCUI requests annual appropriations from Congress to replenish the grant and loan fund. Credit unions must specify the impact the grant funds have had on the credit union's delivery of service and the consequences upon the community the credit union serves.

Checklist for submission (Application and Reimbursement Requests):

- NCUA Technical Assistance *Application*. *Using the online application module would expedite the process and support NCUA's green initiative.*

- Narrative response to application questions. In addition, any supporting information needed to explain how the program would be developed and implemented.
- Projected budget (expenses) needed to operate program. Submit supporting documentation such as bids, proposals etc.
- **Grant Reimbursement Summary Form** - Expenditure Report (submit w/reimbursement)
- **Outcome Summary Form** with Narrative Justification of Expenses (submit w/reimbursement)
- Copies of Receipts, Invoices, Credit Card Statements and/or Cancelled Checks (submit w/reimbursement)
- Completed SF1199 (Direct Deposit Authorization Form). Required only if not submitted previously or if the banking information changed.
- You must provide the credit union's IRS Electronic Filer Identification Number (E-FIN). If your credit union partnered with an organization that operated a VITA site, you must provide that organization's E-FIN. You must also provide a letter signed by representatives of the credit union and of the partner organization stating that the two organizations agreed upon a partnership.

Failure to submit accurately completed applications and supporting documentation may impact the decision on your application and/or reimbursement.

Email your Grant Reimbursement Summary Form, Outcome Summary and supporting information to: oscuiapps@ncua.gov

Fax your Outcome Summary and supporting information to: 703-519-4088

Failure to submit outcome summary will have an impact on the credit union's ability to receive grants in the future. Credit unions must specify the impact the grant funds have had on the credit union's delivery of service and the consequences upon the community the credit union serves.

16. How can credit unions contact the office with questions?

Credit unions can contact the office at

Office of Small Credit Union Initiatives
National Credit Union Administration
1775 Duke Street
Alexandria, Virginia 22314

Phone: (703) 518-6610
Fax: (703) 519-4088

Email: oscuiapps@ncua.gov

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Outcome Summary Volunteer Income Tax Assistance Initiative - 2011
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1. Credit Union Name	
2. Mailing Address	
Mailing Address Cont.	
3. City, State, Zip	
4. Credit Union Charter Number	
5. Grant Commitment Number	
6. Credit Union's EFIN	

1. Total number of tax returns prepared.....
2. Total amount of earned income tax credit (EITC) dollars returned to members.....
3. Total deposits (*total refund to members*).....
4. Average adjusted gross income of the assisted members.....
5. Amount of new loans (*tax refund anticipation*)...
6. New members resulting from the program.....
7. Total members served.....
8. Number of members that received financial counseling as a result of the program.....

9. Total cost of the project—including grant awards from NCUA, the credit union's own monies, grants from other partners, and all other funds provided to complete the project:

NCUA funds: \$ _____

Other funds: \$ _____

Total Cost of Project \$ _____

10. Briefly describe any activities (marketing etc.), that made your program a success. Attach additional sheets as necessary for your response.

Please note that your credit union's success stories provide invaluable supporting information when we request annual appropriations from Congress to replenish the grant and loan fund.

Fax: (703) 519-4088

E-Mail: OSCUIAPPS@NCUA.GOV